

SEC BRIEFING

15 April 1959

IRAQ -- BACKGROUND

BLOC ECONOMIC AND MILITARY AID

Economic Aid: The Soviet Union extended a \$137,000,000 economic credit to Iraq in early March. Under aid agreement, USSR will provide technical assistance and machinery for construction of 17 industrial enterprises. Soviet Union also will be involved in projects in fields of irrigation, transportation and development of mineral resources. Soviet experts and equipment have already begun arriving in Iraq.

Military Aid: Soviet Union concluded an arms deal [redacted]

[redacted] with Iraq in early November 1958.

Since then seven shipments of military equipment, usually land armaments, have been delivered to Baasra, [redacted]

[redacted] The Soviet-

Iraqi arms deal involves jet aircraft, armor, artillery, infantry weapons, and small naval craft.

Trade and Other Activities: Soviet Union, Communist China, and six of European satellites have already signed trade pacts with Iraq. Now, even Albania and North Vietnam are attempting to schedule talks on trade with Baghdad. According to pacts already concluded bloc exports to Iraq will far exceed their imports, suggesting Iraq will become a source of hard currency to bloc. Prior to July 1958 revolution Iraq received only two percent of its imports from bloc countries and exported even less to them.

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Slovak has made overtures to Iraq concerning development civil  
air routes.

Hungary and Czechoslovakia have already  
submitted drafts of proposed civil air agreements to Baghdad.

V. Miscellaneous: 1958 Iraqi imports were \$260,000,000  
exports were \$ 30,000,000  
oil royalties were \$230,000,000

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Approved For Release 2003/10/01 : CIA-RDP79R00890A001100040008-3

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